



STATE OF CALIFORNIA

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No. 86/51

July 3, 1986

TO COUNTY ASSESSORS:

COURT CASES AFFECTING PROPERTY TAX ASSESSMENTS

The following two court cases have just recently come to pass and have a direct bearing on property tax assessments.

Los Angeles Country Club et al v. Tax Assessor of the County of Los Angeles  
175 CAL. APP. 3d 278 (December 5, 1985)

This case is in regard to property assessed pursuant to Section 10 of Article XIII, that is, property used exclusively for nonprofit golf course purposes. The court held that Section 1 of Article XIII permits the use of a value standard other than fair market value and has empowered the Legislature to grant exemptions to taxpayers when circumstances indicate a need for preferential treatment. The trial court found no inconsistency between Section 10 of Article XIII and Article XIII A. The trial court determined both to be "fully applicable to property tax assessments on nonprofit golf courses, and that the 1982-83 assessments attempted by the defendant exceeded the maximum limitations of Article XIII A, and disregarded Section 2 of that article." The Second District Court of Appeals concluded that the trial court decided correctly on the issue. The decision by the appellate court was appealed to the Supreme Court and that court refused to hear the case making the decision final.

The effect of this ruling is that property subject to valuation pursuant to Section 10 of Article XIII should be assessed on a base year premise as are properties subject to Article XIII A. The value of the base year should be as if the highest and best use is nonprofit golf course use. Legal counsel for the Board recommends that the holding in this case be limited to nonprofit golf courses and not be extended to other properties with restricted assessed values.

Trailer Train Company v. State Board of Equalization First District Court of  
180 CAL. APP. 3d 565 (April 30, 1986)

This case involved a state assessee who operates a fleet of flatcars that are assessed annually by the Board of Equalization pursuant to the Private Railroad Car Tax Law. In this appeal case, the assessee challenged the trial court rulings that upheld the Board's acts of levying an escape assessment for the 1976 tax year by disallowing a claim for functional obsolescence and refusing to use only the income capitalization method to value the assessee's

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fleet of flatcars for the tax years 1977 through 1980 under the Private Railroad Car Tax Law. The court ruled for the Board of Equalization on all issues.

The most important feature of this case that may subsequently affect assessors is the court's holding that escape assessments must be made when discovered, regardless of the cause of the escape.

Copies of these judgments may be obtained by contacting our Technical Services Section.

Sincerely,



Verne Walton, Chief  
Assessment Standards Division

VW:wpc  
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